



SOLICITATION AMENDMENT

Solicitation No. **HP661311**

Amendment No #1

Solicitation Due Date: August 18, 2006

3:00 P.M.

ARIZONA DEPARTMENT OF HEALTH SERVICES

1740 West Adams, Room 303
Phoenix, AZ 85007
(602) 542-1040
(602) 542-1741 fax

Contact: **Denise Pawlak**

Questions and Answers for Clarification

The State has determined that it is in their best interest, and those of offerors, to provide all bidders questions and answers to any questions posed pre- and post-conference.

Question: Where do I find Attachment A-the Budget Development Guidelines and Worksheet referenced on Page 7, paragraph 3 D. It wasn't attached on the ADHS Procurement Web Site.

Answer: It is now available on the website and a copy is attached to this Amendment.

Question: In reviewing the above solicitation, I couldn't find the indirect rate.

Is there a cap on it? Please advise.

Is there a restriction regarding the use of Peer Counseling Funds for indirect, example, ceiling....of 10%.

Answer: There is no cap on indirect. The governmental unit or non-profit agency contracting and desiring to claim indirect under this contract must submit its indirect cost rate proposal to its cognizant agency. A contracting organization must develop an indirect cost proposal in accordance with the requirements of OMB circular A-87 (government Unit or A-122 (non-profit) and maintain the proposal and related supporting documentation for audit.

Question: I received the RFP for the Peer Counseling Program, and wanted to know what the dollar amount of this grant is. If I remember correctly, wasn't last year's \$50,000? Is it the same this year?

Answer: That information is not available at this time.

Vendor hereby acknowledges receipt and understanding of above amendment

Signature

Date


Name and Title:

Name of Company:

The above referenced Solicitation Amendment is hereby executed this 31th of July, 2006 Arizona.

Signature

Title: Christine Ruth, Deputy Procurement
Administrator

	<p style="text-align: center;">SOLICITATION AMENDMENT</p> <p>Solicitation No. HP661311</p> <p>Amendment No #1</p>	<p>ARIZONA DEPARTMENT OF HEALTH SERVICES 1740 West Adams, Room 303 Phoenix, AZ 85007 (602) 542-1040 (602) 542-1741 fax</p>
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Question: Need to know what activities you are looking for in this grant. Hospital visits, support groups, calls to mothers, breastfeeding assistance for mothers. Are their sample RFP's you have?

Answer: Refer to the Scope of Work on pages 20-22 of the Solicitation for this information. Contracts are available for review at the Arizona Department of Health Services Procurement Office by appointment.

ATTACHMENT A
BUDGET DEVELOPMENT GUIDELINES

Specific types of Provider costs are to be grouped into six budget categories. Within the total cost for each budget category, a series of line item costs are to be identified. All budgeted amounts are to be rounded to the nearest dollar in each line item and budget category. It is essential that category costs be comprised of the same item costs as specified in these Guidelines.

1. PERSONNEL SERVICES

- a. Compensation for personnel services is an allowable expense for Provider employees whose work is necessary for the provision of contract services.
- b. Salaries to be charged to the service must relate directly to work on the service. Salaries of employees involved in work on non-contract services must be properly apportioned and later supported by appropriate time distribution records or any other acceptable method.
- c. Benefits such as vacation, sick and administrative leave, holidays and routine training participation time are to be included in the amount budgeted for an employee's salary. In addition, any salary increases due an employee during the contract period must be included in the budgeted salary costs.

2. EMPLOYEE RELATED EXPENSES (ERE)

- a. Employee related expenses (fringe benefits) are allowances and services offered by the Provider agency to its employees as compensation in addition to regular salaries. Fringe benefits must be applied only to that portion of an employee's salary or wages attributable to the service. Fringe benefits budgeted in the contract must be earned during the contract period. Benefits accrued prior to the contract, but not yet paid out, are not expenses allowed by the Department.
- b. Fringe benefits include, but are not limited to Social Security (FICA), Unemployment Insurance, Worker's Compensation, health and life insurance, and retirement. The portion of the cost of these benefits paid by the employee is not an expense of the Provider agency. The employer's cost of these benefits is an eligible Provider agency expense.

3. PROFESSIONAL AND OUTSIDE SERVICES

- a. Professional and consultant services, rendered by individuals or organizations, are allowable expenses if the services are directly related and essential to the contract service(s). The normal types of professional or outside services which may be placed in this budget category are those which relate to the legal, accounting, management, training/education, medical, social service and psychological professions.
- b. A written specification, of each of the consultant services to be performed, is to be available for the purpose of budget estimating and subsequent audits. The specifications normally will include estimates by item, all consultant costs such as travel, supplies, meetings or any directly related costs of the consultant. Professional and Outside services are frequently purchased on an hourly basis. It is, therefore, recommended that such services be budgeted on a per hour billing basis.

4. TRAVEL

- a. Travel will include the cost of transporting staff and clients during the provision of contract services. The following allowable travel costs are included within this category:
 - i. Staff-owned vehicles: mileage reimbursement;
 - ii. Provider agency-owned vehicles: operating expenses and depreciation;
 - iii. Sub-contracted travel services;
 - iv. Rented vehicles;
 - v. Government motor pool vehicles;
 - vi. Public transportation; and
 - vii. Per Diem.
- b. Staff-Owned Vehicles
 - i. The travel cost of a vehicle owned by a Provider employee should be budgeted no greater than the offerors designated mileage reimbursement rate. In public Provider agencies, the mileage rate is determined by the branch of government with which the Provider agency is affiliated. Public Provider agencies may budget up to the maximum rate allowable in their city, county or municipality. The actual cost of tolls and parking fees may be budgeted for employees using their vehicles for contract services.

c. Provider Agency-Owned Vehicles

- i. Travel costs for vehicles owned by a Provider agency must be budgeted on an actual cost method. Actual costs will include fuel, maintenance and repair, insurance, registration fees, tolls, parking fees and depreciation.
- ii. There are two methods to budget motor vehicles with regard to acquisition cost:
 - (1) The vehicle may be purchased with Provider agency funds. The cost will be depreciated over the useful life of the vehicle. The current year depreciation expense is listed in the Travel Category of the Service Budget.
 - (2) The agency may budget the entire acquisition cost as a first year expense under the Equipment Category.

d. Rented Vehicles

- i. If either a public or private Provider agency is renting vehicles from a private rental agency, the actual rental cost plus fuel (unless fuel is included in the rental cost) should be used to budget the cost. Rental costs will be considered reasonable depending on the type and degree of use and current fair market value of the model of vehicle. If a vehicle has been rented by the Provider until its acquisition cost has been reduced to below \$5,000, it may be purchased and budgeted as a current cost.

e. Motor Pool Vehicles

- i. Provider agencies using vehicles supplied by a county or municipal motor pool may budget for travel by using the rate fixed by the motor pool.

f. Public Transportation

- i. In cases in which public transportation is used for authorized travel by employees or clients of the Provider, the actual cost of fares required should be estimated. Fare or any other expenses for staff members to commute to and from work are not an allowable cost.

g. Per Diem

- i. While Providers are encouraged to minimize the overnight travel costs, certain contract services may require occasional overnight travel on the part of employees. In such cases, per diem expenses should be budgeted no greater than the offerors designated per diem reimbursement rate. For public Provider agencies, the per diem rate is determined by the branch of government with which the Provider is affiliated. Public Provider agencies may budget up to the maximum rate allowable in their city, county or municipality.

5. OTHER OPERATING

- a. Other Operating costs include materials and supplies, space and occupancy and general operating services. Costs related to space needed for the delivery of contract services are allowable expenses. Space costs include the expense of a facility and other expenses directly related to the operation of the facility. Space Costs, however, do not include the purchase or major modification of land or facilities.
- b. The costs of materials and supplies, necessary for the delivery of contract services, are allowable budgeted expenses. Such costs should be calculated by deducting from the purchase price, all cash and trade discounts, rebates, and allowances to be received by the Provider agency.

c. Program Supplies

- i. Program supplies include consumable supplies used directly in the provision of contract services.

ii. Materials

Materials are consumable supplies used directly by the clients in the provision of contract services. Material supplies will include but need not be limited to:

- (1) Arts and Crafts;
- (2) Housekeeping Goods (dishes, linens, etc.);
- (3) Client Activities Costs;
- (4) Toys; and
- (5) Literature.

iii. Medical Items

- (1) Medical care is an allowable cost if it is necessary to achieve the objective of the contract services.

- (2) Professional Medical Services: The cost of medical professionals is an allowable expense. However, the cost should normally appear in the Personnel or Professional and Outside Services Category contingent upon the terms of the agreement between the Provider agency and the medical professional(s).
- (3) Pharmaceuticals: Pharmaceuticals should be budgeted on an actual cost basis.
- (4) Medical Supplies: Medical supplies should be budgeted on an actual cost basis.

d. Office Supplies

i. **General Office Supplies**

- (1) Office supplies are consumable supplies necessary to efficient administrative and service operations of the service program. The cost of this item may be budgeted by using a reasonable base cost per employee for the contract term multiplied by the total number of employees needing office supplies. Justification of the base cost must be available upon request.

ii. **Equipment**

- (1) Any piece of equipment with an acquisition cost of up to \$4,999.99 will be budgeted under the Other Operating Category. Budgeting of such pieces of equipment will be done on an actual cost basis. All Pieces of equipment with an acquisition cost of \$5,000 or more should be budgeted under the Capital Outlay Category.

iii. **Postage**

- (1) Postage may be budgeted by applying a monthly base to the total number of months in the contract. When applicable, Provider agencies should apply for and utilize special bulk mail rates.

iv. **Reproduction and Printing**

- (1) The cost of printing and reproduction services, necessary for the performance of the contract, including but not limited to forms, reports, manuals and informational literature is allowable. However, if a cost for the rental of a photocopier has been budgeted, care must be taken to avoid duplication of costs. When budgeting for reproduction and printing services, enter a reasonable estimate of actual costs.

e. Maintenance of Space

- i. This item includes costs necessary for the upkeep of the Provider's facilities, which neither add to the permanent value of these facilities nor appreciably prolong their intended life, but keep them in an efficient operating condition. This includes estimates of the actual costs of material needed for the maintenance and repair of the Provider's facilities or for sub-contracted maintenance services.

f. General Operating

- i. Central Services: Service costs such as administrative, data processing, payroll, supply and duplicating facilities on which the expense can be calculated and segregated as a direct cost are to be entered in this item. Support these budgeted expenses by indicating the basis of the cost.
- ii. Communication: Telephone and answering service costs, as well as telephone directory listings, which assist the client to identify and contact the Provider agency for contract services, will be permitted.
- iii. Bonding: Premiums for bonding costs will arise when there is a need to protect the provider agency and government against financial loss. Bonding practices beyond those which the Provider agency should normally use as good business practice will not be required. The most common bonding classification is that of a fidelity bond sufficient to cover the potential loss of accessible funds.
- iv. Advertising: To acquire quality goods or services at a low cost; to recruit potential employee; or to inform the public of the availability of services.
- v. Training: Provider agency employees are eligible for training directly related to the contract services. The necessary and appropriate expense related to training activities is to be included in this line item. The basis for this budgeted expense must be documented in the Proposal Itemized Service Budget, and a detailed description of the training activities must be rendered in the Program/Administration Section.
- vi. Trade, Business, Technical and Professional Activities: A series of costs may be encountered which assist in providing reference background, updating employees' knowledge and maintaining liaison or contact with similar

activities. Expenses in this line item will be allowable when the costs are proven to be of direct benefit to the contract services. The following types of costs may be part of this item's budget expense:

- (1) Library - purchases and fees;
- (2) Subscriptions - professional literature;
- (3) Membership - dues; and
- (4) Professional activities, clubs and meetings.

- vii. General Liability Insurance: Insurance costs are those insurance costs which the Provider is required to carry, or which are approved under the terms of the contract and any other insurance which the Provider maintains in connection with the general conduct of its business (excluding insurance on the building and contents which should be listed as a line item under Other Space Costs in the Space Category). The Provider can ascertain from the Department what types and amount of insurance coverage should be purchased.

6. CAPITAL OUTLAY (EQUIPMENT)

- a. The cost of equipment essential to the delivery of contract services and the maintenance of that equipment is allowable as a budgeted expense. Equipment which materially increases the value or useful life of a facility is unallowable.
- b. The Equipment Category, which includes office and program equipment, has been subdivided into two sections: (1) Equipment Costs, and (2) Equipment Maintenance Costs. (Provider agencies should note that vehicle operating expenses are to be budgeted within the Travel Category.)
- c. Capital Equipment Costs
 - i. Capital equipment costs may be budgeted through one of the following four methods:
 - (1) Purchase;
 - (2) Rental/Lease;
 - (3) Depreciation; and
 - (4) Use Allowance.
- d. Equipment Maintenance Costs
 - i. To keep equipment at an efficient operating level, various maintenance services may be necessary.
 - ii. Maintenance services provided by vendors either under a services subcontract or as random repairs will be budgeted under this sections. Care must be used that costs of maintenance services call do not duplicate maintenance fees provided for in rental agreements. Maintenance costs must be calculated in proportion to the use of the item by the Provider agency in the delivery of contract services.

7. OTHER

- a. Indirect costs - Indirect costs are those incurred for a common or joint purpose benefiting more than one cost objective or activity and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.

WORKSHEET

Itemized Service Budget

<u>1. Personnel</u>				
FTE Position/Name	Total Salary for Level	% Allocated Contract Period	to Service	TOTAL
				TOTAL \$0
<u>2. Employee Related Expenses</u>				
Item	Basis			TOTAL
FICA				
Unemployment Insurance				
Worker's Compensation				
Retirement				
Life Insurance				
Health Insurance				
				TOTAL \$0
<u>3. Professional and Outside Services</u>				
Item	Basis			TOTAL
				TOTAL \$0
<u>4. Travel Expenses</u>				
Item	Basis			TOTAL
				TOTAL \$0
<u>5. Other Operating</u>				
Item	Basis			TOTAL
				TOTAL \$0
<u>6. Capital Outlay Expenses</u>				
Item	Basis			TOTAL
				TOTAL \$0
<u>7. Other</u>				
Item	Basis			TOTAL
			\$0	\$0
				TOTAL \$0
GRAND TOTAL				<u>\$0</u>

The TOTAL for each category shall be entered on the contract PRICE SHEET.